

8582-K

42A740-S18

Department of Revenue

**Kentucky
Passive Activity Loss Limitations****See federal instructions and worksheets for Form 8582****Attach to Form 740, Form 740-NP or Form 741.****2005**

Enter name(s) as shown on tax return

Social Security or federal identification number

PART I – 2005 Passive Activity Loss (See instructions on reverse.)**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see Active Participation in a Rental Real Estate Activity in the federal instructions.)

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|---------------------------------------------------------------|---------------------|---------------------|
| 1 a Activities with net income (from worksheet 1, column (a)) | 8582K - 0010 | |
| b Activities with net loss (from worksheet 1, column (b)) | 8582K - 0020 | |
| c Prior year unallowed losses (from worksheet 1, column (c)) | 8582K - 0030 | |
| d Combine lines 1a through 1c | | 8582K - 0035 |

Commercial Revitalization Deductions From Rental Real Estate Activities

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| 2 a Commercial revitalization deductions from worksheet 2, column (a) | 8582K - 0040 | |
| b Prior year unallowed commercial revitalization deductions from worksheet 2, column (b) | 8582K - 0045 | |
| c Add lines 2a and 2b | | 8582K - 0050 |

All Other Passive Activities

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| 3 a Activities with net income (from worksheet 3, column (a)) | 8582K - 0055 | |
| b Activities with net loss (from worksheet 3, column (b)) | 8582K - 0060 | |
| c Prior year unallowed losses (from worksheet 3, column (c)) | 8582K - 0065 | |
| d Combine lines 3a through 3c | | 8582K - 0070 |
| 4 Combine lines 1d, 2c and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b or 3c. Do not complete Form 8582-K. Report the losses on the forms and schedules normally used | | 8582K - 0080 |
| If line 4 is a loss and : line 1d is a loss, go to Part II. | | |
| • line 2c is a loss (and line 1d and 2c are zero or more) skip Part II and go to Part III | | |
| • line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15. | | |

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, **do not** complete Part II or Part III. Instead, go to line 15.**PART II – Special Allowance for Rental Real Estate With Active Participation****Note:** See federal instructions for how to treat numbers as positive amounts in Part II

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| 5 Enter the smaller of the loss on line 1d or the loss on line 4 | | 8582K - 0090 |
| 6 Enter \$150,000 if filing joint return; \$75,000 if married filing separately | 8582K - 0095 | |
| 7 Enter modified adjusted gross income, but not less than zero, (see federal instructions). If line 7 is equal to or greater than line 6, skip lines 8 and 9 enter zero on line 10. Otherwise, go to line 8 | 8582K - 0105 | |
| 8 Subtract line 7 from line 6 | 8582K - 0115 | |
| 9 Multiply line 8 by 50% (.5). Do not enter more than \$25,000 if filing joint return; \$12,500 if filing separately | | 8582K - 0125 |
| 10 Enter the smaller of line 5 or line 9. If line 2c is a loss, go to Part III. Otherwise, go to line 15 | | 8582K - 0135 |

PART III – Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**Note:** See federal instructions for how to treat numbers as positive amounts in Part III

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| 11 Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions. | 8582K - 0140 | |
| 12 Enter the loss from line 4 | 8582K - 0150 | |
| 13 Reduce line 12 by the amount on line 10 | 8582K - 0160 | |
| 14 Enter the smallest of line 2c (treated as a positive amount), line 11 or line 13 | 8582K - 0170 | |

PART IV – Total Losses Allowed

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| 15 Add the income, if any, on lines 1a and 3a and enter the total | 8582K - 0230 | |
| 16 Total losses allowed from all passive activities for 2005. Add lines 10, 14 and 15. Form 740 filers see reverse; other filers see federal instructions on how to report the losses on your tax return | 8582K - 0235 | |

Passive Activities Adjustment Worksheet

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|-----------------------------------------------------------------------------------|---------------------|
| A. Enter as a negative amount Kentucky allowable losses from line 16, Form 8582-K | 8582K - 0236 |
| B. Enter as a positive amount federal allowable losses from federal Form 8582** | 8582K - 0237 |
| C. Enter as a positive amount Kentucky passive income from line 15, Form 8582-K | 8582K - 0238 |
| D. Enter as a negative amount federal passive income from federal Form 8582** | 8582K - 0239 |
| E. Passive income or loss adjustment. Combine lines A, B, C and D | 8582K - 0240 |

If the amount on line E is positive, enter as an Other Addition on Schedule M. If the amount on line E is negative,

Enter as an Other Subtraction on Schedule M.

** If federal Form 8582 is not required, enter on line B any passive losses included in federal adjusted gross income. Also, enter on line

D any passive income included in federal adjusted gross income.